

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

NOTICE OF ADJUSTMENT	)	
OF RATES OF TIMBERLAKE	)	
SANITATION, INC., TO	)	CASE NO. 8358
BECOME EFFECTIVE	)	
FEBRUARY 28, 1982	)	

O R D E R

Timberlake Sanitation, Incorporated, ("Timberlake") filed notice with this Commission on September 30, 1981, to increase the monthly rate charged to its 26 customers from \$15.00 to \$22.10, effective February 28, 1982. This represents a 47 percent increase over the current rate. The Commission ordered the suspension of the rate for a 5-month period after the effective date in order to determine the reasonableness of the request.

A hearing was held on December 3, 1981, in the Commission's offices at Frankfort, Kentucky. The Consumer Protection Division of the Attorney General's Office was the only party to intervene. The matter is now submitted for final determination by the Commission.

TEST YEAR

Timberlake proposed and the Commission has accepted the 12-month period ending June 30, 1981, as the test period in this matter.

## REVENUES AND EXPENSES

Timberlake proposed several pro forma adjustments to its test year operations. The Commission has accepted these adjustments with the following exceptions:

Professional Fees: Timberlake included \$573 of expenses incurred prior to the test period. To reflect normalized test year operations, the Commission has disallowed this expense for rate-making purposes.

Operating Taxes: Timberlake included \$1,229 of taxes in arrears or taxes applicable to prior periods in its test year expenses. Again, to reflect normalized test period operations, the Commission has disallowed this expense for rate-making purposes.

Therefore, Timberlake's adjusted revenues and expenses are as follows:

	<u>Actual</u>	<u>Adjustment</u>	<u>Adjusted</u>
Operating Revenues	\$ 4,171		\$ 4,171
Operating Expenses	\$24,128	(\$10,018)	\$14,110
Net Operating Income	<u>(\$19,957)</u>	<u>(\$10,018)</u>	<u>(\$ 9,939)</u>

## REVENUE REQUIREMENTS

The Commission finds the net operating loss to be unjust, unfair and unreasonable. The Commission has used the operating ratio method in determining sewer rates in the past and has found it to be a fair, just and reasonable method for both the utility and its customers. The operating ratio used by the Commission is as follows:

$$\text{Operating ratio} = \frac{\text{Operating expenses} + \text{depreciation} + \text{taxes}}{\text{Operating revenues}}$$

The Commission is of the opinion that the increase proposed by Timberlake is fair, just and reasonable and will produce total revenues of approximately \$15,912, which is a ratio of approximately 88 percent, and will provide Timberlake sufficient revenues to meet its operating expenses and allow a reasonable surplus for equity growth.

SUMMARY

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

The rate in Appendix A is the fair, just and reasonable rate to charge for sewer service and should be approved.

IT IS THEREFORE ORDERED that the rate in Appendix A is approved for service rendered on and after the date of this Order.

IT IS FURTHER ORDERED that Timberlake shall file with this Commission within 30 days of the date of this Order its revised tariff sheet setting forth the rate approved herein.

Done at Frankfort, Kentucky, this 20th day of January, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vohy  
Chairman

Katherine Randall  
Vice Chairman

Don Carrigan  
Commissioner

ATTEST:

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Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE  
COMMISSION IN CASE NO. 8358 DATED JANUARY 20, 1982

The following rate is prescribed for sewage disposal service rendered to all customers served by Timberlake Sanitation, Inc., which is located in the Northeastern portion of Jefferson County, Kentucky.

All other rates and charges shall remain the same as those in effect prior to the date of this Order.

Type of Service Provided  
Single-Family Residential

Monthly Rate  
\$ 22.10